sickness'. If he is referring to wrong policies, yes, of course, wrong policies will induce sickness.

SHRI SURINDER KUMAR SINGLA: Sir, I have asked a specific question. A steep reduction in the customs duty has affected the major industries, particularly the chemical, paper and textile industries. These are the major industries. I would say a particular policy has made these industries capital sick.

SHRIMATI MARGARET ALVA: He says you have withdrawn the protection given to Indian industries.

SHRI P. CHIDAMBARAM: I understand what you have in mind, but we have to balance a number of objectives. One of the objectives is to make the Indian industry competitive. I do not believe that it can be any one's case that the Indian industry will be competitive when it starts with a 30 per cent or 40 per cent disadvantage in capital costs. These can be debated when we debate the Budget. When we do tax reforms, when we change tariffs, we do so after applying our mind to all aspects, including the aspect of the level of protection the industry requires. In the last year's Budget, you pointed out to me that the iron and steel required a little more of protection for a little more time. If you convince me, certainly I will concede the point; but the point is that we take all these into account while deciding on the level of tarrif protection. when we discuss the Budget, we will discuss it. NPAs arise because of a number of reasons. For example wilfull default of borrowers, sickness in industry, inadequate security cover, improper appraisals done by banks and directed lendings. Sometimes lending is directed and as a result of that there are bad accounts and protracted legal battles and banks are not comfortably placed. There are a number of reasons and we are aware of them. I share the hon. Member's concern. The reasons which he has mentioned are among the reasons which cause NPAs.

THE VICE-CHAIRMAN (SHRI AJIT P.K. JOGI): Q. No. 224. Hon. Member is absent.

**Steps proposed to contain Inflation**

*225. SHRI O.P. KOHLI:[†]
SHRI RAJUBHAI A. PARMAR:

Will the Minister of FINANCE be pleased to state:

(a) whether the consumer price index for industrial workers rose to a peak of 350 during December, 1996:

(b) if so, whether the galloping rate of inflation is causing intense hardships to the poor, middle class and the fixed income group people; and

(c) if so, the steps taken/proposed to be taken to keep the inflation under check?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) A statement is laid on the Table of the House.

**Statement**

(a) yes, Sir.

(b) In the current year it is only wheat and rice where price rise has been quite substantial as a result of which the offtake from the Public distribution system (PDS) rose during April-December 1996 to 14.29 million tonnes in comparision to 10.59 million tonnes in the corresponding period last year. As for other essential commodities the price rise has been modest. For example, retail prices in December, 1996 over last year, declined in case of bajra, moong, arhar, urd, groundnut Oil, mustard oil vanaspatil chillies, onions and sugar. Moderate rise has been recorded in the prices of jower (8.2 per cent), fish (8.5 per cent), milk (8.8 per cent), washing soap (8.4 per

[†]The Question was actually asked on the floor of the House by Shri O.P. Kohli.

cent), long cloth (6.3 per cent), dhoties (6.1 per cent) and sarees (8.1 per cent).

(c) The important steps which Government has taken to check the prices of essential commodities and to contain the inflation rate are:

(i) Continuation of FCI's open market sale of rice and wheat;

(ii) Import of wheat to augment public stocks of foodgrains

(iii) Import of edible oils and pulses at reduced duty;

(iv) strengthening of Public distribution System;

(v) Maintaining Supplies under the liberal import policy for essential commodities such as sugar, edible oils, skimmed milk power and pulses;

(vi) Reduction of fiscal deficit in the current financial year to 5 per cent of GDP; strive to reduce it further to 4.5% in 1997-98.

(vii) containing monetary growth to around 16.0 per cent in 1996-97 through prudent monetary policies;

**श्री ओ० पी० कोहली:** उपसभाध्यक्ष महोदय, वर्ष 1996-97 के प्रारम्भ में मुद्रास्फीति दर 4.8 प्रतिशत थी। आठ फरवरी को समाप्त हुई सप्ताह में मुद्रास्फीति दर बढ़कर 7.99 प्रतिशत यानी 8 प्रतिशत हो गयी। मेरे सप्लीमेंटरी प्रश्न के दो भाग हैं। पहला, क्या माननीय मंत्री जी यह बताने की कृपा करेंगे कि मुद्रास्फीति की दर में हुई वृद्धि में प्राइमरी आर्टीकल्स, खास तौर से फूड आर्टीकल्स की कीमतों में वृद्धि का कितना योगदान है? ईंधन, तेल और लुब्रीकैंट्स का कितना योगदान है? दूसरा भाग यह है कि क्या यह सच है कि मुद्रास्फीति में वृद्धि का सबसे अधिक बोझ कमजोर आय वर्ग और नियत आय वर्ग के लोगों पर पड़ रहा है और इन वर्गों को महंगाई की मार से बचाने की सरकार की क्या योजना है?

SHRI P. CHIDAMBARAM: Sir, I deeply regret the inflationary pressures that have built up. They were built up during the months of September to December. As the hon. Member has rightly pointed out, the main contributor to the inflation has been the high price rise in wheat, atta, rice, petroleum and electricity. We assumed office on the first of June. The wheat procurement season was over in April-May. In fact, the wheat procurement dwindles to almost nil by the end of May. For a variety of reasons wheat procurement last April-May was less by 4 million tonnes i.e. 40 lakh tonnes as the wheat production was less by 3 million tonnes i.e. 30 lakh tonnes. As the sowing season had started, we could not order imports at that time. Imports were ordered at the first opportunity. In retrospect, I think, we should have ordered imports earlier even if it had interefered with the sowing season. This is one of the reasons why wheat price went out of control. I express regret for that. Since then, of course, we have clearly declared that while we will maximise procurement, we will not hesitate to import wheat if it becomes necessary.

The other factor which has impact on prices. is the high off-take in the public distribution system This year the off-take in the public distribution system has been much higher than last year. During the months of April to December, the off-take in the public distribution system was 60 lakh tonnes of wheat and 82.8 lakh tonnes of rice, making a total of 142 lakh tonnes of wheat and rice. It means that not enough was available for open market operations. Nevertheless FCI did open market operations at heavily subsidised prices. We were able to contain the rise in price, but we were not able to bring down the rise in price. I am aware of this. The Minister of Food, I believe, has answered questions during a short Duration discussion. We are aware of the situation. This year the rice procurement is running higher than last year and, I hope, to end the year with rice procurement of ten million tonnes. Wheat procurement is crucial to managing the food economy. Wheat procurement will start in April. We are making arrangements to be ready to procure the wheat. I sincerely hope that

the farmers in Punjab and Haryana will cooperate and give their surplus wheat to FCI and other procurement agencies. We will do our best to maximise wheat procurement. Once the new crop comes in, I expect prices to decline, but, as I said in my Budget speech, I am not happy with the way it was handled last year. It was because of a combination of factors. During April-May we were not in Government. After that, we were in Government. we ordered imports late. This year I promise we will do better.

**श्री ओ॰पी॰ कोहली:** उपसभाध्यक्ष महोदय, मेरा दूसरा पूरक प्रश्न यह है कि रेल बजट में माल भाड़े में 12 प्रतिशत की वृद्धि की गई है। इससे वस्तुओं की कीमतें बढ़ेंगी। इधर तेल पूल खाते का घाटा लगातार बढ़ता जा रहा है। तेल पूल खाते के घाटे को कम करने के लिए सरकार पैट्रोलियम उत्पादों की कीमतों में वृद्धि करने पर मजबूर होगी। क्या इसलिए मुद्रा स्फीति की दर दो अंकों में प्रवेश नहीं कर जाएगी। अगर ऐसा हुआ तो अर्थव्यवस्था के विभिन्न क्षेत्रों में इसका क्या असर पड़ेगा, उनसे निबटने के लिए सरकार क्या करेगी? मंत्री महोदय ने अपने लिखित उत्तर में मुद्रा स्फीति रोकने के जो उपाय गिनाए है वह मुद्रा स्फीति की वृद्धि को नियंत्रित करने में क्यों विफल रहे है?

SHRI P. CHIDAMBARAM: Sir, inflation is the function of many, many factors. One of them is money supply. In my answer I have said we will take a number of steps. We are not lax, but it is not that just by turning on a knob or turning off a knob, inflation will get controlled or increased. We will do our best to control the inflation.

On inflation with reference to freight increases, the Minister of Railways is competent to answer, but let me say that I have listened to his Budget speech and have also read it. I found that most essential commodities are exempt from the freight increses. So, the freight increase should not have any impact on prices of essential commodities.

There was a reference to excise. I have not raised excise on any essential commodity. On the contrary, I have cut excise duty across the board. Cutting the excise duty should moderate the prices.

With reference to Oil Pool Account, it is a larger question.

THE VICE-CHAIRMAN (SHRI AJIT P.K. JOGI); Question Hour is over.

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## WRITTEN ANSWERS TO STARRTED QUESTIONS

### राजकोट में अहमदाबाद उच्च न्यायालय की खंडपीठ की स्थापना

*224. **श्री चीमनभाई हरीभाई शुक्ला:** क्या **विधि और न्याय** मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या गुजरात का समूचा सौराष्ट्र-कच्छ क्षेत्र अहमदाबाद उच्च न्यायालय के क्षेत्राधिकार में आता है और उपयुक्त न्यायालय की राज्य के सौराष्ट्र-कच्छ क्षेत्र में कोई खंडपीठ नहीं है;

(ख) यदि हां, तो क्या सरकार सौराष्ट्र-कच्छ क्षेत्र के प्रमुख शहर राजकोट में अहमदाबाद उच्च न्यायालय की खंडपीठ स्थापित करने का विचार रखती है; और

(ग) यदि हां, तो कब तक; और

(घ) यदि नहीं, तो इसके क्या कारण है?

**विधि और न्याय मंत्रालय के राज्यमंत्री (श्री रमाकान्त डी॰ खलप):** (क) जी, हां।

(ख) जी, नहीं।

(ग) प्रश्न ही नहीं उठता।

(घ) गुजरात सरकार से, गुजरात उच्च न्यायालय के मुख्य न्यायमूर्ति के परामर्श से, इस संबंध में कोई प्रस्ताव प्राप्त नहीं हुआ है।